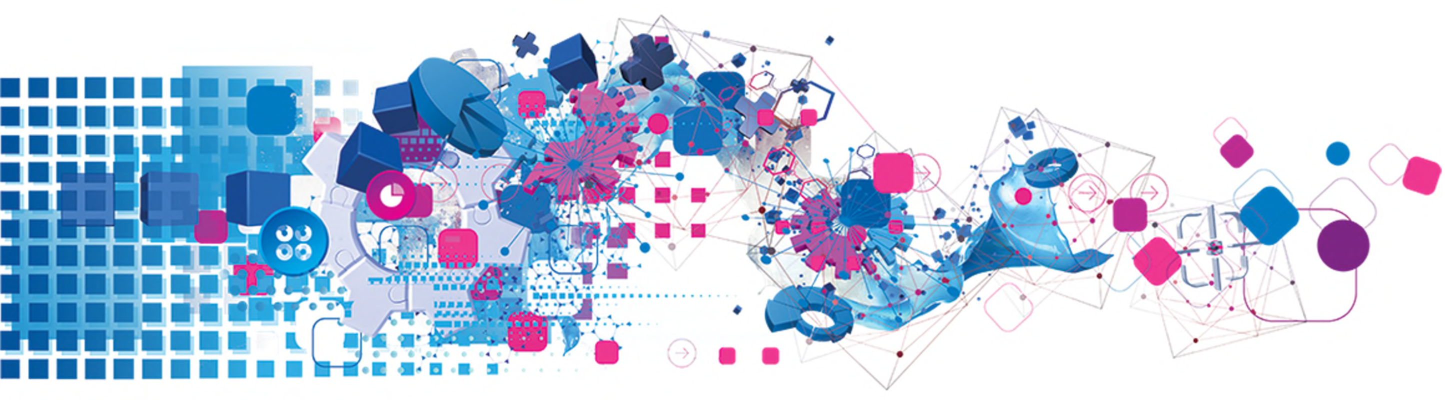
Experian plc
International Sharesave

Employee Guide - Canada



The purpose of this note is to provide you with a general overview of the personal tax treatment of options under the Experian International Sharesave (the “Plan”). This information is for guidance only and may differ according to your personal circumstances. The overview is based on the tax law and practice as at March 2020 and may be subject to change.

This document assumes that you are an employee of the Canadian entity of Experian and that you are resident and domiciled in Canada, for taxation purposes, from the date you were granted the options to the date you exercised the options and the shares are sold.

If you have any doubts or any concerns about your particular tax position you should contact an independent tax advisor.

Summary of tax treatment

	Options	Interest
When is the tax point?	Exercise	Payment
Will I have to pay income tax?	Yes, your employer will be required to withhold income tax via payroll at exercise.	Yes, you will have to pay income tax via your annual return.
Does a social security liability arise?	Yes	No
Are there any reporting requirements for my employer?	Yes	Yes
Are there any reporting requirements for me?	Yes	Yes

Employee actions

	Action required	Due date
Annual tax return	You are required to report the exercise of your option, any interest accrued and any gain arising when you sell your shares on your annual tax return for the relevant year.	by 30 April (or by 15 June if you or your spouse have any self-employment income) following the year of exercise.
Payment of tax	You are required to pay income tax and any surcharges on the interest you earn on your savings and on any capital gains (on sale) via your annual tax return.	as above
Form T1135 (Foreign Income Verification Statement).	If you have foreign assets (including Experian shares) with a total “cost” exceeding CAD 100,000, you are required to report certain information relating to these assets on Form T1135. Form T1135 should normally be submitted to the tax authorities with your tax return.	as above

1. Tax implications

Share options

1.1 **Will I have to pay income tax when I am granted an option?**

No, there is no income tax or social security liability at the time that you are granted an option.

1.2 **Will I have to pay tax when my option vests, at the end of the savings period?**

No, there is no income tax or social security liability at the time your option vests.

1.3 **Will I have to pay tax if I choose not to exercise my option?**

Yes. You will have to pay tax on the interest paid to you on your savings. See 1.6 below.

1.4 **Will I have to pay tax if I choose to exercise my option?**

Yes, you will have to pay tax on any option gain and on any interest you accrue.

Federal and provincial income tax (at your marginal rate) will be payable when you exercise your option. The taxable amount will be the difference between the market value of the shares on the date of exercise and the exercise price.

Social security (Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) contributions) will also be payable on the taxable amount at exercise (subject to the annual earnings cap).

Experian has an obligation to withhold income tax on your behalf via payroll shortly after exercise. However, the mechanics for paying the tax due to the tax authorities may vary depending on whether:

- you choose to sell your shares at exercise; or
- you choose to retain the shares after exercise.

Please refer to Appendix 1 for more details, especially if you consider keeping your shares.

1.5 **Will I have to pay tax if I sell my shares?**

If you sell your shares immediately upon exercise, you will only pay income tax and social security at exercise as outlined in 1.4.

However, if you do not sell your shares at exercise, then income tax (at your marginal rate) is payable on 50% of any gain arising when you sell your shares.

The taxable gain is the sale proceeds less any amount previously subject to income tax, the exercise price paid and any sale costs.

If you have acquired Experian shares at different times and sell some but not all these shares, the “tax cost” of the shares will be subject to averaging rules.

You will normally be required to pay any tax due on the sale of your shares directly to the tax authorities through your annual tax return.

Interest paid to you at the end of savings period

1.6 **Will I have to pay tax if I receive any interest on my savings?**

Any interest that you receive on your savings is subject to federal and provincial income tax (at your marginal rate) as it accrues.

You will be required to pay any tax due on the interest you receive directly to the tax authorities through your annual tax return.

You should receive a statement following the end of each year (and in advance of the annual tax return deadline) showing the interest you have accrued in that year.

2. Reporting requirements

2.1 **Do I have any reporting requirements?**

You are required to report the exercise of your option, any interest accrued and any gain arising when you sell your shares on your annual tax return for the relevant year.

Your annual tax return should normally be submitted to the Canadian tax authorities by 30 April (15 June if you or your spouse has self-employment income) following the year in which the taxable event arose. However, even if you do not have to submit your return until 15 June, taxes must be paid on or before 30 April.

Share options

You are required to report the option gain you realise on exercise during the year within your annual tax return. If you sell your shares, any gain arising when you sell your shares should also be reported on your annual tax return for the year of sale.

Interest paid to you at the end of savings period

You will be required to report any interest arising during the year within your annual tax return.

Foreign Assets Reporting

If you have foreign assets (including Experian shares) with a total “cost” exceeding CAD 100,000, you are required to report certain information relating to these assets on Form T1135 (Foreign Income Verification Statement).

Form T1135 should normally be submitted to the tax authorities with your tax return before the due date following the relevant year.

Appendix 1 – Worked Example

The following worked example illustrates how the share options gains should be calculated, as well as the practical implications of (1) selling the shares on exercise and (2) retaining the shares after exercise.

This example does not consider the interest paid to you at the end of the savings period (if any).

Example: • Share options were granted with an exercise price of £15; • The value of Experian's shares at the time of exercise is £25; • You exercise options over 100 shares (using their savings under the plan); • You sell all your shares immediately upon exercise; • Maximum tax rates apply.	
Gain per share on exercise (£25 sales price - £15 exercise price)	**£10**
Total gain realised on exercise (100 shares x £10 gain per share)	**£1,000**
Income tax payable (£1,000 x 33%)	**£330.00**
Social tax payable (£1,000 x 5.25%)	**£52.50**
Net proceeds** [(100 x £25) - £330.00 - £52.50] ***without considering any brokerage costs*	**£2,117.50**

**Assumes the employee pays income taxes at a rate of 33% and CPP contributions.*

Exercise and Keep

If you choose to exercise your options and keep your shares, you will still have an income tax and social security liability. When you ultimately dispose of the shares in the future, a capital gains tax (CGT) liability may arise. Your base cost, using the above example, for CGT purposes would be the amount you have paid income tax on (£1,000) plus the exercise price (£1,500) and any costs of sale.

The mechanics of paying the tax due on exercise to the tax authorities may vary depending on whether you sell your shares on exercise or decide to retain them, as follows.

1: You choose to sell your shares at exercise

By selling shares, you become entitled to receive sales proceeds (less any selling costs) on exercise. In practice, your employer will pay to you the net proceeds (after tax has been deducted) via payroll.

2: You choose to retain the shares after exercise

If you decide to keep your shares, no sales proceeds will be payable to you at the time of exercise. However, income tax will still become due on exercise (as explained above) and not at a later date (the due date for your annual tax return).

In order to satisfy your tax liability (and your employer's withholding requirements on exercise), your employer may:

a) Withhold taxes from other payments due to the you in the same period e.g. your salary (such that your salary would be less than usual or no salary may be payable after the deduction of income tax); or
b) Ask you to cover the taxes due from your own funds (i.e. you would pay the company an amount equal to your tax liability, and then they company would remit the taxes due to the tax authorities); or
c) Ask you to sell enough of your shares as to cover the tax liability by way of sale proceeds.